

Opening Statement

**Senator Charles E. Grassley
Chairman**

Senate Special Committee on Aging

Hearing: "HCFA Regional Offices: Inconsistent, Uneven, Unfair"

This hearing will come to order. As Chairman of the Special Committee on Aging, it is my pleasure to welcome my colleagues, our witnesses and the public to this important hearing.

For more than two years now, our Committee has heard stories of poor treatment in nursing homes from residents and their family members. We've worked to change the system. We've had a series of hearings and forums. We've secured millions of additional dollars for the enforcement system. We simply wanted to put an end to bedsores, malnutrition and dehydration.

The obvious question at this point is whether we've been successful. Can we assure nursing home residents of better conditions? Can we ease the anxiety of those who must place their family members in nursing homes?

When it comes down to it, not really, not yet.

Think of our nursing home enforcement system as a diseased tree. The Health Care Financing Administration has cut down dead branches and plucked off sickly leaves. The ailing tree trunk and its diseased roots are still intact. Anything that grows from that anemic base is tainted. Until we cut down the tree, we'll get nothing but bitter fruit.

The ailing tree trunk is HCFA's weak use of its enforcement tools. Eighteen months ago, the General Accounting Office documented this problem, and the Clinton administration pledged to fix it. One specific fix was that the federal government should cut off funding to states that do a bad job of inspecting their nursing homes. Another fix was that the federal government should do a better job of monitoring state inspections of nursing homes.

Who is responsible for seeing to it that the states inspect nursing homes properly? HCFA regional office administrators. Over the past year, the GAO has told us how poorly HCFA's regional offices have performed in oversight of Medicare contractors, of Medicaid school-based programs and Medicare+Choice programs. Now the GAO is telling us the regional office problems spill over into HCFA's evaluations of state agencies. The regional offices are inconsistent, uneven and unfair. Their evaluations do not tell the truth about whether a state inspection program works - or doesn't work.

Since the evaluations are flawed, the punishments based on those evaluations are lacking. Today, the GAO tells us HCFA has never terminated a contract with a state inspection agency. It has reduced a state's inspection funding only once. Obviously, the punishment must fit the crime. If the regional offices can't evaluate the states, HCFA can't punish them for failures.

Today we'll hear how HCFA plans to address these problems. I hope to hear about a swift, sound plan of correction. Like many Americans, I don't understand why the greatest nation on Earth can't clean up what goes on in its nursing homes.

Our first witness is Dr. William Scanlon, Director, of the Health Financing and Systems Issues Area of the U.S. General Accounting Office. He has directed the GAO's analysis of nursing homes at our Committee's request.

Our second witness is Steve White, Chief of Licensure & Certification in North Carolina. Mr. White represents the Association of Health Facility Survey Agencies today in his capacity as that organization's immediate past president.

Mr. Mike Hash, Deputy Administrator of HCFA, will be our final panelist.

Mr. Hash, I would like to mention that I am very happy to see that you could join us this morning. Members of this Committee were quite disturbed in March when HCFA did not attend our hearing to hear what citizens had to say about the inadequacies of HCFA's complaint investigation process. We appreciate your presence as part of this panel today and look forward to HCFA's participation in the Committee's future events.